

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 29, 2007

TO: Honorable Steve Ogden, Chair, Senate Committee on Finance

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: SB106 by Ellis (Relating to the exemption from the sales tax for clothing and footwear.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB106, As Introduced: a negative impact of (\$209,327,000) through the biennium ending August 31, 2009, if the effective date of the bill is July 1, 2007; or a negative impact of (\$119,236,000) through the biennium ending August 31, 2009, if the effective date of the bill is October 1, 2007.

The following fiscal implications assume an effective date of July 1, 2007.

All Funds, Six-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND</i> 1	Probable Revenue Gain/(Loss) from <i>Cities</i>	Probable Revenue Gain/(Loss) from <i>Counties/SPDs</i>	Probable Revenue Gain/(Loss) from <i>Transit Authorities</i>
2007	(\$23,976,000)	\$0	\$0	\$0
2008	(\$91,001,000)	(\$16,952,000)	(\$2,109,000)	(\$5,831,000)
2009	(\$94,350,000)	(\$17,576,000)	(\$2,187,000)	(\$6,046,000)
2010	(\$97,743,000)	(\$18,208,000)	(\$2,266,000)	(\$6,263,000)
2011	(\$101,339,000)	(\$18,877,000)	(\$2,349,000)	(\$6,494,000)
2012	(\$105,102,000)	(\$19,578,000)	(\$2,436,000)	(\$6,735,000)

The following fiscal implications assume an effective date of October 1, 2007.

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND</i> 1	Probable Revenue Gain/(Loss) from <i>Cities</i>	Probable Revenue Gain/(Loss) from <i>County/SPDs</i>	Probable Revenue Gain/(Loss) from <i>Transit Authorities</i>
2008	(\$24,886,000)	\$0	\$0	\$0
2009	(\$94,350,000)	(\$17,576,000)	(\$2,187,000)	(\$6,046,000)
2010	(\$97,743,000)	(\$18,208,000)	(\$2,266,000)	(\$6,263,000)
2011	(\$101,339,000)	(\$18,877,000)	(\$2,349,000)	(\$6,494,000)
2012	(\$105,102,000)	(\$19,578,000)	(\$2,436,000)	(\$6,735,000)

Fiscal Analysis

The bill would amend Chapter 151 of the Tax Code to extend the August sales tax holiday on clothing and footwear to 15 days from three days.

The bill would take effect July 1, 2007, if it receives two-thirds vote in each house; otherwise, it would take effect October 1, 2007.

Methodology

For the purpose of this estimate, the Comptroller of Public Accounts gathered data from the U.S. Census Bureau on the sale of clothing and footwear in Texas. The Comptroller adjusted the clothing and footwear sales data for the appropriate price range and duration of the holiday period. The estimates were multiplied by the state sales tax rate and extrapolated through fiscal 2012. The Comptroller proportionally estimated the fiscal impacts on units of local government.

Local Government Impact

Local units of government would have a corresponding fiscal impact from sales tax revenues, as indicated in the above table. According to the Comptroller of Public Accounts, there would be no impact on local governments in fiscal 2007 as August sales tax collections remitted to the Comptroller are not allocated to the local jurisdictions until the next fiscal year.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, CT, MN, SD, EB